

Minimum Wage

The Wage and Hour Act establishes the minimum wage rate at \$6.15* per hour. Unless otherwise exempted from this requirement, employers must insure that all employees receive the equivalent of the minimum wage for all hours worked in any workweek.

- **Full-time Students:** may be paid a subminimum wage (currently \$5.50), which is 90 percent of the applicable state minimum wage rate. A record of the student's school must be maintained. Employees subject to the Fair Labor Standards Act must consult with the U.S. Department of Labor.
- **Handicapped Workers:** employers may apply to the N.C. Department of Labor for approval to pay a subminimum wage to handicapped workers.
- **Tip Credit:** an employer may pay its tipped employees (those who receive more than \$20.00 a month in tips) as little as \$3.13 per hour in wages, so long as:
 1. The employer maintains accurate and complete records of tips received by each employee.
 2. Each employee certifies tips and the employee receives enough in tips to equal the minimum wage rate.
 3. The employee is permitted to retain all tips. In order for "tip pooling" arrangements to be allowed, the tipped employee must keep at least 85 percent of all tips.
 4. Employees are notified in advance of the method of payment.
- **Exemptions:** Refer to Section V, pp. 10-12, for exemptions from minimum wage.

* The state minimum wage will change as the federal minimum wage rate changes.

Overtime

The Wage and Hour Act regulates wage rates for overtime pay. Unless specifically exempted, employees who work more than 40 hours during any workweek must be paid time and one-half the regular promised rate of pay, except that overtime begins after 45 hours for employees of seasonal recreational and amusement establishments.

In computing overtime pay, the employer must use the regular rate of pay, not the minimum wage rate. When computing overtime pay for tipped employees for whom the employer is taking the tip credit, the regular rate is the current minimum wage. The regular rate of pay cannot be less than the current minimum wage.

- **Hourly Employees:** When an employee is paid by the hour, the regular rate and the hourly rate are the same.

EXAMPLE

An employee who is paid \$10.00 an hour and works 51 hours in one week. The employee's overtime may be computed in two ways:

1.	51 hours	X	\$10.00	=	\$ 510.00	or	2.	40 hours	X	\$10.00	=	\$ 400.00
	11 hours	X	\$ 5.00	=	\$ 55.00			11 hours	X	\$15.00	=	\$ 165.00
					\$ 565.00							\$ 565.00